

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 USIA-06 AGR-05 AID-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00

CIEP-01 CEA-01 /089 W

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R 091235Z SEP 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8260

INFO AMEMBASSY PARIS

USMISSION GENEVA

USUN NEW YORK 2057

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E.O. 11652: N/A

TAGS: EFIN, UNCTAD,IN

SUBJECT: UNCTAD COMMODITY CONSULTATIONS: GOI STRATEGY

REF: NEW DELHI 13208, NEW DELHI 13294, STATE 220772

1. INDIA IS AMONG THOSE LXDCS WHO ARE BOTH IMPORTANT IMPORTERS AS WELL AS SUPPLIERS OF COMMODITIES BEING CONSIDERED UNDER UNCTAD CONSULTATIONS.

2. OUR IMPRESSION IS THAT AT THIS TIME GOI HAS ONLY GENERAL STRATEGY ON COMMODITIES BUT HAS NOT YET FORMULATED POSITIONS ON SPECIFICS. INDIA IS INTERESTED IN ANY FINANCIAL SCHEMES FOR COMMODITIES FROM WHICH SHE COULD HOPE TO RECEIVE ASSISTANCE, AND INTERESTED IN INFLUENCING INDIVIDUAL COMMODITY AGREEMENTS IN A WAY MOST BENEFICIAL TO INDIA (I.E. INCREASING PRICES THROUGH AGREEMENTS IN COMMODITIES SHE SELLS, OFFSETTING ANY ILL EFFECTS OF AGREEMENTS IN COMMODITIES SHE BUYS).

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3. WE CONTINUE TO HEAR FAVORABLE REFERENCES TO IRB FROM

GOI OFFICIALS FOR EXAMPLE, WHO HOPE US WILL PERSIST IN ITS PROPOSAL (SEE NEW DELHI 13208).WE BELIEVE INDIA WILL BE EQUALLY INTERESTED IN ANY COMMON FUND THAT WOULD HELP FINANCE STOCKS AND OFFSET PRICE HIKES.

4. IN COMMODITY AREAS WHERE INDIA IS A MAJOR SUPPLIER - JUTE, TEA,IRON ORE - GOI OR GOI -BACKED ASSOCIATIONS (AIOEC, SEE REF) ARE ALREADY PREPARING FOR VERY ACTIVE PARTICIPATION IN NEGOTIATIONS WITH OBJECTIVE OF RECEIVING BETTER TERMS OF TRADE.

5. WHERE INDIA IS A COMMODITY IMPORTER, WE BELIEVE HER STRATEGY WILL BE NOT TO OPPOSE AGREEMENTS EVEN IF A PRICE HIKE WILL FOLLOW, BUT TO PROTECT HER INTERESTS THROUGH INCLUSION OF SOME PROVISION IN THE AGREEMENT THAT WOULD OFFER RELIEF TO AFFECTED COUNTRIES.

6. BEYOND THIS BROAD STRATEGY, HOWEVER, GOI DOES NOT SEEM TO HAVE FOCUSED ON SPECIFICS. OFFICIALS DO NOT SEEM KNOWLEDGEABLE ABOUT THE FORTHCOMING MEETING OF THE TRADE AND DEVELOPMENT BOARD, THE FORMING OF AN INTERGOVERNMENTAL COORDINATING COMMITTEE UNDER IT, OR THE RULES OF PARTICIPATION IN INDIVIDUAL COMMODITY NEGOTIATIONS. WITHOUT YET KNOWING HOW, THEIR OBJECTIVE IS REFLECTED IN RESPONSE ONE OFFICIAL GAVE TO QUESTION ON WHERE INDIA HOPED TO COME OUT ON WHOLE COMMODITY QUESTION: "WHY ON BOTH ENDS, OF COURSE".

7. NUMBER OF GOI OFFICIALS INVOLVED IN THESE AND OTHER MULTILATERAL ECONOMIC ISSUES VERY FEW, AND THEY SPEND MUCH TIME TRAVELLING TO INCREASING NUMBER INTERNATIONAL MEETINGS. WE WILL CONTINUE MONITOR DEVELOPMENTS IN COMMODITY AREA, HOWEVER, AND REPORT ON GOI POSITIONS AS THEY DEVELOP.
SAXBE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, COMMODITY AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NEWDE13295
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760341-0143
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760977/aaaacoke.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 NEW DELHI 13208, 76 NEW DELHI 13294, 76 STATE 220772
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by CollinP0>; APPROVED <16 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD COMMODITY CONSULTATIONS: GOI STRATEGY
TAGS: EFIN, IN, UNCTAD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006